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BY HAND DELIVERY

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20543

Re: Price Cap Performance Review for Local Exchange Carriers
CC Docket 94-1

Dear Secretary Caton:

Pursuant to Section 1.1206, the Computer & Communications Industry Association ("CCIA") submits two copies of written ex parte material submitted to the Deputy Chief of the Office of Plans and Policy today relating to the above-captioned proceeding.

Should you have any questions regarding the enclosed, please do not hesitate to contact me.

Respectfully submitted,



Charles A. Zielinski
Counsel for Computer &
Communications Industry Association

Enclosures

No. of Copies rec'd _____
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WRITER'S DIRECT DIAL NUMBER

Mr. Don Gips
Deputy Chief
Office of Plans and Policy
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20036

Re: CCIA Proposal in CC Docket 94-1

Dear Mr. Gips:

The Computer & Communications Industry Association ("CCIA") addresses herein two issues that have been raised with respect to CCIA's proposal to incorporate in a revised FCC price cap regulation system an incentive mechanism that would encourage local exchange carriers ("LECs") to enter into voluntary agreements to provide inside wire facilities to unserved public school classrooms and libraries. The issues are: (a) how would the Commission assure that the inside wire facility installations would not be "gold plated"; and (b) what would prevent a volunteering LEC from neglecting public schools and libraries in low income neighborhoods.

As to the first issue, the CCIA proposal creates no incentive for a volunteering LEC to "gold plate" its installation of inside wire facilities. The Commission deregulated the provision of inside wire facilities some time ago and an LEC's investment in such facilities is excluded from its interstate regulated service investment or "rate" base. Thus, an LEC would not, for example, "gold plate" inside wire facilities and thereby expand its interstate rate base in order to avoid, other things being equal, the "sharing" zone under price cap regulation, assuming the Commission even maintains a "sharing" zone. Under CCIA's proposal, the LEC's incentive is to provide inside wire facilities as efficiently as possible in order to hold down its costs while still earning its price cap benefit. In order to assure that local officials do not demand more than the necessary inside wire facilities, CCIA tentatively suggests that the Commission consider requiring a state agency to submit a statewide work plan, based on input from local officials, with such plan specifying the facilities that are needed and the public

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schools and libraries where they are needed in the state. Such statewide plans could be submitted subject to review by the Commission.

The submission of such statewide work plans, subject to Commission review, would also address the second issue that has been raised. The work plans would specify all of the places where facilities are needed, including public schools and libraries in low income areas. Volunteering LECs would be obligated to perform in accordance with such work plans in order to earn whatever price cap regulatory benefit the Commission specified. The Commission could also choose a period of time, e.g., five years, for completion of the plans and establish annual performance benchmarks.

If you have any questions with respect to these comments, please do not hesitate to contact me.

Very truly yours,



Charles A. Zielinski
Attorney for the
Computer & Communications
Industry Association

cc: Edward J. Black
President
Computer & Communications
Industry Association